

DRAFT

25X1 MEMORANDUM FOR MR. [REDACTED]

N 1501

SUBJECT: Feasibility of Separate Administrative Office under DD/P.

PROBLEM

To give covert operations the maximum capacity for obtaining prompt and adequate support for their operations, particularly abroad, without sacrificing the Director's control through his central administrative staff and without delegating responsibility for funds any further than the performance of mission absolutely requires.

25X1 Note: This examination was undertaken because DD/P, AD/PC and DAD/SO all informed Mr. [REDACTED] during his survey of OPC, that present practices were not satisfactory and did not provide the prompt, adequate support essential to their missions. It was deemed unwise to examine too closely their reasons for these conclusions because (a) requiring documentation of their case could only result in producing friction between the Offices of DD/P and DD/A at the lower echelons; (b) DD/A agrees that more autonomous control of its own support by DD/P's office can be worked out without prejudice to DD/A's effective control; and (c) the conclusion of the operating officers that present practices are unsatisfactory is, *ipso facto*, a serious problem whether or not this conclusion is justified. The fact that this study has been undertaken is therefore not to be construed as even an implied criticism by the undersigned of the way the Offices of DD/P and DD/A now coordinate.

DISCUSSION

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A. Certain functions clearly, and by admission of both DD/A and DD/P, should be centrally administered and others as historical staff

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should be delegated by DD/A to be administered by the operating office subject only to conformance to standards determined (on a general, not an ad hoc, basis) by DD/A and subject to central administration inspection and post-audit. Between these two extremes is a broad set of functions which could with equal logic be centrally administered or delegated by DD/A for autonomous administration in the covert offices. The object of this memo is to place such functions under a responsibility agreeable to both DD/P and DD/A and where they can best be performed to enable our missions to be accomplished without duplication, waste of time or resources and without friction.

B. Because of semantic dangers inherent in general discussions, this memo will discuss detailed functions after two general observations:

1. The scope of activities of OPC is fundamentally temporary and these activities will contract and expand at accelerated rates compared to the rest of the Agency. Therefore, to build central administration to administer to this office is not organizationally desirable and where doubts exist administrative functions of OPC should be centered in OPC (subject always to central administration standards, inspection and audit) so that rapid changes in its scope of activities will not throw our central administration out of gear.

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2. Under NSC 10/5, responsibility for support of the principal OPC functions rests not with this Agency but with PSB, so the logic of central administration is not as compelling as in the case of CIA direct responsibilities.

The division of administrative functions between the covert offices and central administration becomes very complicated if OO continues as a division under DD/P but is greatly simplified if the only divisions involved under DD/P are the strictly covert divisions. The following division of functions is therefore predicated upon the premise that OO will not be under DD/P but under the projected DD/I:

- (a) Functions of administration of DD/P's office clearly belonging to central administration.
  - (1) Budget approval and controls (This determines allocation of funds, so no shift of funds between budgets should be made without DD/A's approval).
  - (2) Inspection, to insure adherence to standards and to initiate remedial action where required.
  - (3) Audit (at some point down the chain of command, audit of covert operations must be made by covert audit agents but their audit responsibility should always be to DD/A and not to DD/P).

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- (4) Medical support (to avoid unnecessary duplication and permit coordination with other IAC Agencies).
- (5) Legal staff (to avoid unnecessary duplication).
- (6) Personnel control (recruiting, records, standards for leave, vacations and overtime, etc.) for Washington employees who will never require field cover and personnel classification determinations for all services which are common to overt and covert offices.

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- (8) Establishment of standards for administration of confidential funds allocated in a budget to DD/P's office.
- (9) Overt services in Washington area (motor pools, parking spaces, janitoring, guards and couriers, real estate and construction, excluding [redacted]

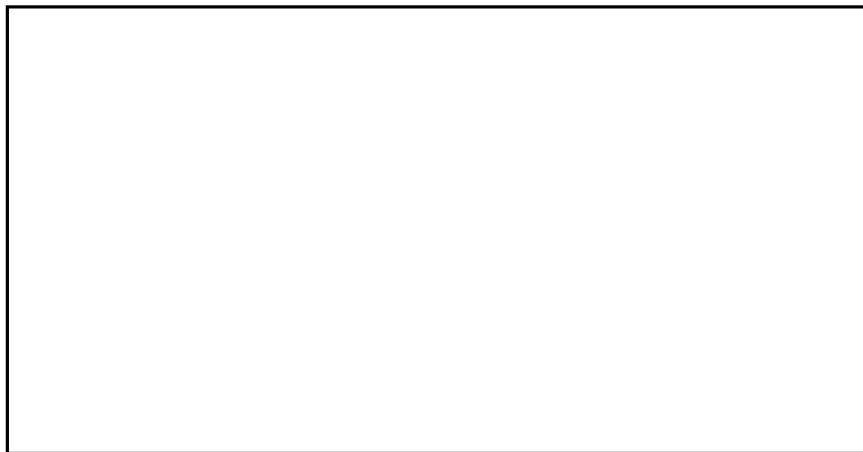
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[redacted] telephones, travel and transportation services in the U. S. and overt travel abroad.

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- (10) Overt procurement, i.e. procurement of supplies and materiel common to overt offices, and the establishment of standards for procurement, storage and distribution of covert materiel.
- (11) Printing done in Washington.
- (12) Coordination of all administrative activities

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(b) Functions of administration in DD/P's office which could properly be delegated to an administrator assigned to that office (all subject to coordination with DD/A and reporting to him).

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COST

No detailed study of the costs of the procedure outlined herein is provided, for the reason that additional administrative personnel is going to be required in any case by the expanded activities of the Agency, and whether such personnel is assigned to work in the command echelons or the central administrative echelons will not vary the cost factor. There may be some additional file and record costs initially but this item is relatively immaterial and would also be absorbed by requirements which will exist in any event to take care of the expanded needs of the Agency.

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RECOMMENDATIONS

That there are inherent limitations of centralization of administration in the field of covert operations is recognized in present practices in the draft of the DD/A progress report, in the Dulles Report and in NSC 50.

There can be no limitation upon the duty and necessity of central administration to conduct a detailed examination of covert budget requirements before budgeting funds to any covert operation; to inspect both for adherence to administrative regulations and finance all covert activities and to post-audit all expenditures of all Agency offices fiscally and budget wise. The duty of coordinating all Agency administrative activities also falls upon central administration.

Two analogies which have been suggested in the course of this study indicate premises upon which logical and practical conclusions might be based. The first analogy would view central administration as a holding company and DD/P's operations as a subsidiary corporation having its own complete administrative set-up reporting to the holding company. This analogy is rejected. A more proper analogy would view the functions of DD/P's office as an integral part administratively of the central organization but autonomous to the extent that would be required if, for example,

25X1 the DD/P's office [redacted] This analogy is accepted as accurate because the peculiarity of functions, particularly of OPC, is as distant from other Agency functions as the space distance of the analogy.

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Within this general field of reference, it is specifically recommended:

1. That a chief administrative officer responsible as below to DD/P be assigned by DD/A to the office of DD/P and that under this administrative officer there be placed a covert procurement officer; that autonomous authority to perform the functions outlined in B(b)(1) through (10) and in B(c)(1)(3y)(4) and (to the extent stated in the comment on page 9 only)(2) be delegated by DD/A to this officer; that all support and administrative matters delegated to this officer by DD/A be the officer's primary responsibility as far as performance is concerned, but that he be responsible to DD/A so far as fiscal policy and accountability and coordination with DD/A's office are concerned. He should also be the primary liaison between DD/P and central administration on all administrative matters, and lower echelons of DD/P's office should not be permitted to contact DD/A except through him. There is no inconsistency in the dual responsibilities thereby placed on this administrator - he is responsible to the command (DD/P) for getting the thing done, but to DD/A for the ultimate means and accountability therefor.

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2. That DD/A not delegate the duty of providing administrative support for covert activities under DD/P to the administrative officer to be assigned to DD/P's office, insofar as the functions outlined in B(a)(1) through (12) inclusive and in B(c)(2),(3x),(5) and (6) above are concerned, and that these withheld functions be accepted by DD/P as a limitation upon the authority which should be delegated to the administrative officer assigned by DD/A to DD/P's office.
3. That CIA Regulation  amended to conform to these recommendations.

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SUPPORT REQUIRED FOR COVERT OPERATIONS

I. FINANCE

1. Functions to be performed by DDP.

a. Develop and submit annual budget.

(1) Prepares basic assumptions and issues instructions to area divisions.

(2) Develops basic budget data (estimates and justification) for each area and activity.

(3) Examines and adjusts area division estimates.

(4) Develops general statement of justification, summary schedules and other breakdowns as required by DDA.

(5) Presents the Budget for approval by DDA and DCI and assists DDA in preparation of data required for justification to the Bureau of the Budget.

b. Administer all funds appropriated or otherwise made available.

(1) Establishes controls for all monies made available to the Office.

(2) Allocates funds to programs and projects.

(3) Analyzes obligations and expenditures against allocations to determine progress and total availability of funds for new projects.

c. Operational Pay Arrangements.

(1) Prepares forms, justification, approves and makes funds available for operational advances and travel advances. ~~HISTORICAL DOCUMENT~~ <sup>25</sup> Destroy only with consent of the Historical Staff

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(1) Receives and answers inquiries [redacted]

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concerning accounts, financial requirements or related data. (DDP)

(2) Follows up on delinquent advances or accountings. (DDP)

(3) Coordinates the day-to-day problems arising in connection with proprietary projects to ensure that the approved financial plan is executed. (DDP, subject to review and audit by DDA)

(4) Reviews the records and, in each case possible, audits the books of subsidized organizations to ensure that the money is being or has been spent for the purposes intended. These audits

must necessarily be conducted [redacted]

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3. Functions to be performed by DDA.

a. Establishes standards for budget form, general content, justification and presentation.

b. Reviews budget presented by DDP for conformity to standards; approves or adjusts budget estimates and defends before Bureau of the Budget.

c. Makes appropriated funds available to DDP.

d. Establishes

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athletic groups, group insurance plans, credit unions, etc.

(3) Develops standards for safety and injury compensation programs.

d. Achieving Balance Between Two Different Personnel Systems.

(1) Assists in the development and approves a personnel system appropriate to covert operations -- see para 1a.

(2) Administers the overt personnel system of CIA and supervises by standards, audit and inspection the administration by DD/P of the covert system.

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SUPPORT REQUIRED FOR COVERT OPERATIONS

V. HEADQUARTERS SERVICES

1. Functions to be Performed by DD/P.

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b. Initiates requests for movement of household goods and dependents.

c. Prepares and screens requests for the procurement of office furniture, equipment and supplies and supervises utilization of same.

e. Allocates and controls parking and office space made available by DD/A.

f. Provides for and operates adequate mimeographing and dittoing facilities. Screens and forwards requests for multilithing, printing, photostating, etc.

g. Maintains property records for non-expendable equipment.

h. Screens and forwards requests for telephone and buzzer service required.

i. Reports and requests necessary repairs to buildings occupied by O/DD/P.

j. Provides

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j. Provides a complete Registry service including a central clearing house for incoming and outgoing mail, dispatches and cables.

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2. Functions Requiring Further Discussion for Assignment of Responsibilities.

- a. Procures reservations and tickets for all types of personnel. (DD/P)
- b. Secures passports and visas as required. (DD/P)
- c. Schedules and provides inoculations required for overseas travel. (DD/P or DD/A)
- d. Provides and operates adequate reproduction facilities (multilith, printing, etc.). (DD/P and/or DD/A)
- e. Devises and establishes detailed procedures to control the receipt, distribution, control and disposition of records. This includes numerous procedural studies involving devices for routing and record control of documents. (DD/P and DD/A)
- f. Provides facilities for the movement of household goods and dependents. (DD/P and DD/A)

3. Functions to be Performed by DD/A.

- a. The functions being currently performed by O/DD/A involve the usual procurement, storage, control and movement of office

equipment

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equipment and the provision of service items; also, the maintenance of buildings, general allocation of space, and provision for Headquarters communication and transportation facilities.

b. Supervision, inspection and audit (through reports or other means) of all Headquarters service activities of DD/P.

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